



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

TELEPHONE: 020 8464 3333

CONTACT: Lynn Hill
lynn.hill@bromley.gov.uk

DIRECT LINE: 020 8461 7700

FAX: 020 8290 0608

DATE: 01 February 2011

EXECUTIVE

Meeting to be held on Wednesday 2 February 2011

**12a CONSULTATION ON MAYORAL COMMUNITY INFRASTRUCTURE LEVY
- DRAFT CHARGING SCHEDULE (Pages 3 - 6)**

The Chairman to move that the attached report, not included on the published agenda, be considered as a matter of urgency on the grounds that:

- i) the consultation document was issued close to the publication of the agenda for this meeting; and
- ii) in order to allow sufficient time for members to discuss the proposal and for the Council to submit a formal response by the closing date of 1st March 2011.

*Copies of the document referred to above can be obtained from
www.bromley.gov.uk/meetings*

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Report No.
DRR11/010

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

Decision Maker: Executive Committee
Development Control Committee
Executive Committee

Date: 2nd February
8th February 2011
14th February 2011

Decision Type: Urgent Executive Non-Key

Title: **CONSULTATION ON MAYORAL COMMUNITY
INFRASTRUCTURE LEVY - DRAFT CHARGING SCHEDULE**

Contact Officer: Terri Holding, Planning Officer
Tel: 020 8313 4344 E-mail: terri.holding@bromley.gov.uk

Chief Officer: Bob McQuillan, Chief Planner.

Ward: Boroughwide

1. Reason for report

The Mayor of London has issued a consultation draft document giving details, including a proposed charging schedule, in the first step to setting up a London wide Community Infrastructure Levy, under powers set out in Part 11 of the Planning Act 2008 and Community Infrastructure Levy Regulations 2010. The consultation closes on the 1st March 2011. This report alerts Members to the publication of the document and will enable Executive on the 14th February 2011 to agree the Council's formal response.

2. RECOMMENDATIONS

2.1 Members views are requested.

Corporate Policy

1. Policy Status: N/A.
 2. BBB Priority: N/A.
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Financial

1. Cost of proposal: N/A
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Planning Division
 4. Total current budget for this head: £3.8m
 5. Source of funding: Existing Revenue Budgets
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Staff

1. Number of staff (current and additional): 1fte
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory requirement. Part 11 of the Planning Act 2008 and the Community Infrastructure Levy Regulations 2010.
 2. Call-in: Call-in is not applicable.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Boroughwide
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments:

3. COMMENTARY

3.1 The Mayor has published proposals for a new London wide Community Infrastructure Levy (CIL) on development in the capital. The levy is intended to raise £300 million towards the delivery of Crossrail, which is essential to the capital's growing economy and to ensuring it remains a competitive global business centre in the 21st century. It forms part of the funding package for the project agreed between the Mayor and ministers. Crossrail will bring significant benefits across London improving the transport system, creating thousands of new jobs. It is estimated that every London borough, not just those on the Crossrail route, will see annual benefits to its economy ranging from £15 million to £115 million. It will support development in key parts of London, including the West End, the Isle of Dogs and the Thames Gateway.

3.2 The setting of a London wide Community Infrastructure Levy is a new power given to the Mayor under the Planning Act 2008 designed to raise money for the infrastructure needed to develop an area. Following thorough consultation the levy will be payable on most new developments from spring 2012 and the money raised will go towards London's share of the Crossrail funding package agreed with Government. The levy will be collected by the boroughs once development commences.

It is proposed to charge the Levy on most developments in London at the following rates:

- Zone 1 – £50 per square metre Camden, City of London, City of Westminster, Hammersmith and Fulham, Islington, Kensington and Chelsea, Richmond-upon-Thames, Wandsworth
- Zone 2 – £35 per square metre Barnet, Brent, Bromley, Ealing, Greenwich, Hackney, Haringey, Harrow, Hillingdon, Hounslow, Kingston upon Thames, Lambeth, Lewisham, Merton, Redbridge, Southwark, Tower Hamlets
- Zone 3 – £20 per square metre Barking and Dagenham, Bexley, Croydon, Enfield, Havering, Newham, Sutton, Waltham Forest Preliminary Draft Charging Schedule

3.3 Affordable housing is exempt from any CIL charge (Mayoral or local CIL charge). However for the Mayoral CIL almost all development is expected to contribute to CIL. There are some other exemptions and or reliefs that include health and education uses, small development (under 100 square metres or one additional unit) but no additional relief for charities unless the development is used by charities for charitable purposes.

3.4 The Charging Schedule has been worked out using average house prices per Borough as a proxy for economic vitality. The Mayor considers this is the most workable approach as it matches with the sector with the highest likely development (residential) which, *it is assumed*, correlates with commercial activity.

3.5 The Government CIL Regulations (April 2010) deal with the calculation of the amount of CIL to be paid for developments approved to proceed in phases and with payment by instalments in certain cases (regulation 70). The Government has stated its intention to change Regulations "*to free up payment arrangements....the authorities will be able to decide their own levy payment deadlines and whether to offer the option of paying by instalments*". To date this has not been changed and the Mayor has decided to keep to the original intention of the regulation but realises this ultimately be a matter for the collecting authorities to decide. The Mayor seeks comments about the kind of arrangements that the Mayor might consider once this greater flexibility is implemented.

3.6 Many of the developments caught by the Mayoral CIL will be small or medium in scale. There would seem to be little merit in phasing the CIL in such cases. However, there could well be a case for phasing payments on major developments and Members may be minded to endorse this approach in Bromley's response to the Mayor's request for comment.

3.7 Despite the need for further consultation later in the year before the Examination in Public phase because the charge is mandatory it would be prudent to have mechanisms in place to collect, deliver and enforce the charge established well before the date the tax is due to start which is April 2012.

4. POLICY IMPLICATIONS

4.1 The Bromley Supplementary Planning Document (SPD) on Planning Obligations was adopted in December 2010 and complies with the Community Infrastructure Levy Regulation and The London Plan 2008.

5. FINANCIAL IMPLICATIONS

5.1 From April 2012 the responsibility for administration, invoicing, collecting and delivering the Mayors CIL will be undertaken by the Council, whilst retaining 4% towards such costs. This equates to £1.40 for every £35 per square metre the Council collects for the Mayoral CIL.

5.2 As detailed in the report the levy is intended to raise £300 million towards the delivery of Crossrail. Officers are currently exploring any resultant implications in the council attracting section 106 funding for developments in the borough i.e. will this scheme have a negative impact on future section 106 funding for local infrastructure. Officers will also provide an estimate, based on previous years planning applications, of the possible income that will be raised in the borough from this new proposal. A verbal update will be provided at the meeting. Members should note that National Non Domestic Rates (NNDR) for large business also includes a supplementary rate towards meeting the cost of cross rail which will result in estimated income raised within Bromley of £2.3m in 2010/11.

6 LEGAL IMPLICATIONS

6.1 Once set and adopted the Mayor’s CIL will be mandatory.

6. PERSONNEL

7.1 As the proposed CIL involves a provision for the Council to retain 4% to fund administration, this assumes additional staff resources will be needed to deliver these sums to the Mayor.

Non-Applicable Sections:	PERSONNEL
Background Documents: (Access via Contact Officer)	Planning Act 2008 The London Plan 2008 and Draft London Plan 2009 DCC report 20 th October 2009 – Community Infrastructure Levy CLG -Community Infrastructure Levy Regulation – April 2010 Mayor’s Preliminary Draft Charging Schedule - January 2011